

DECLARATION OF SPECIAL AGENT ROBERT PRIDDY

I, Robert J. Priddy, do declare as follows:

INTRODUCTION AND AGENT BACKGROUND

1. This declaration outlines the investigation of Haoqian LIU a.k.a. Tony LIU (hereinafter, “LIU”), d.b.a. ADE Advanced Optics in Oregon City, Oregon, for federal criminal violations involving the importation of prohibited firearm parts from China into the United States. The firearm parts are then sold through his websites, in violation of 22 U.S.C. § 2778 (the Arms Export Control Act) and 27 C.F.R. Part 447.52 (Import restrictions applicable to certain countries). LIU smuggled the prohibited Chinese firearm parts into the United States utilizing various fictitious names and addresses, false invoices and declarations, in violation of 18 U.S.C. § 542 (Entry of Goods by Means of False Statements).

2. This declaration is submitted in support of the complaint seeking *in rem* forfeiture of a \$50,000.00 in United States currency, in the form of a Bank of America cashier’s check No. 0820907987, purchased by ADE Advanced Optics Incorporated, and voluntarily paid to U.S. Customs and Border Protection.

3. As set forth below, there is probable cause to believe, and I do believe, that the property described above represents proceeds derived from violations of 18 U.S.C. § 542 (Entry of Goods by Means of False Statements) and is therefore forfeitable pursuant to 18 U.S.C. § 981(a)(1)(C).

4. LIU, through his attorney, turned over the above listed property to the government as the proceeds of a smuggling offense in conjunction with this investigation. As part of his probation violation agreement, LIU has indicated through his attorney that he will agree that he will not

contest the forfeiture of these funds, and also that he will not assist anyone else in filing a claim in this case.

5. I am a Special Agent assigned to Homeland Security Investigations, Portland, Oregon, under the Department of Homeland Security (HSI). I have been so employed since the Agency's creation in March 2003. Prior to HSI's creation, I was assigned as a Special Agent with the United States Customs Service since May 2001. Homeland Security Investigations, Portland, Oregon, is responsible for enforcing the customs and immigration laws and other federal criminal statutes of the United States. I have investigated and/or participated in investigations of money laundering, smuggling, narcotics, conspiracy, customs fraud, child pornography, and violations of the International Emergency Economic Powers Act (IEEPA). These criminal investigations have resulted in arrests, indictments, convictions, seizures and forfeitures. I have attended the Criminal Investigator Training Program and Customs Basic Enforcement School at the Federal Law Enforcement Training Center.

STATEMENT OF PROBABLE CAUSE

6. LIU was initially identified in February 2012 during an HSI Portland investigation that involved International Trafficking in Arms Regulations (ITAR) restricted items that were intended to be exported without proper export licenses by LIU and shipped to an individual in the Philippines. On February 23, 2015, as a result of a plea agreement, LIU pleaded guilty to an information charging a violation of Title 13 U.S.C. § 305 (Failure to file a Shippers Export Declaration) and was sentenced to 3 years of probation.

2015 CBP Indianapolis Seizure of Prohibited Firearm Parts from China

7. On May 19, 2015, CBP Indianapolis selected a Federal Express shipment for exam at the Federal Express facility. The shipment was manifested as "ALUM MOUNT SAMPLE" with a

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value of \$691.20. The shipment was sent from Hecny Transportation Ltd. in Hong Kong to Hoaqian LIU, 404 Beaver creek Rd, Suite 239, Oregon City, Oregon 97045. During the exam CBP found 216 aluminum hand rails marked as made in China, which were suspected to be used for firearms.

8. Research by CBP Indianapolis found that LIU's phone number was linked to ADE Advance Optics which is described on its website as a member of "the firearms accessory industry." CBP Indianapolis reviewed the website and confirmed only firearms accessories were offered. CBP provided the shipment information to the ATF.

9. A response from ATF relayed to CBP Indianapolis that aluminum hand rails are a firearm part and advised that sanctions against China ban the importation of munitions and defense articles from China. Therefore, the importation of this item would be in violation of the ITAR regulations and Importation of Arms, Ammunition and Implements of War Regulations, both of which prohibit imports of defense articles.

10. CBP Indianapolis seized the 216 aluminum hand rails and sent notice of the seizure to LIU. LIU responded with a relief petition, which was denied by CBP Indianapolis, and the 216 aluminum hand rails were administratively forfeited.

2015 CBP Los Angeles Seizure of Prohibited Firearm Parts from China

11. On September 22, 2015, CBP Los Angeles (LA) selected a DHL shipment for exam at the DHL facility that arrived from China. The shipment was manifested as "Auto Joint" with a value of \$480.00. The shipment was sent from Shanghai Easyland International Co. in China to Hoaqian LIU, 404 Beaver creek Rd, Suite 239, Oregon City, OR 97045. During the exam of the shipment, CBP LA found 300 AR-15 rifle quad rail handguards.

12. CBP LA contacted ATF to verify that the shipment contained firearm parts and was informed that sanctions against China ban the importation of munitions and defense articles. ATF advised CBP LA that importation of these items would be in violation of ITAR regulations and Importation of Arms, Ammunition and Implements of War Regulations, as both prohibit imports of defense articles. The shipment of 300 AR-15 rifle quad rail handguards was subsequently seized and CBP LA determined that the shipment was undervalued, with an actual domestic value of \$6,104.22.

13. On September 27, 2015, CBP LA selected three DHL shipment for exam at the DHL facility that arrived from China and that were all consigned to LIU at his address of 404 Beaver Creek Rd, Suite 239, Oregon City, OR 97045. During the exam, CBP LA found 50 quad rail rifle barrel guards in one shipment manifested as "Alum Bracket" and valued at \$180.00. In a second shipment, CBP LA found 100 quad rail rifle barrel guards manifested as "Alum Bracket" and value at \$180.00. In a third shipment, CBP LA found 281 quad rail rifle barrel guards manifested as "Auto Aluminum Parts" and valued at \$337.00.

14. CBP LA requested a license determination from ATF for the above shipments and learned that the items are firearm parts and would require an ATF Form 6, which is an application and permit for importation of firearms, ammunition and implements of war for permanent importation. No permit for the shipments referenced above was found. ATF further advised that under the provisions of the Importation of Arms, Ammunition and Implements of War Regulations the United States would deny a license or permit application for the export, import, transit or sales of defense articles destined for or originating in certain countries. This policy also applies to countries in which the United States maintains an arms embargo, including China.

15. CBP LA seized all the above-mentioned shipments and determined that all of the shipments were undervalued. CBP LA sent notice of the above-mentioned seizures to LIU. No response was received from LIU and the shipments of firearm parts were administratively forfeited.

2016 CBP Portland Seizure of Prohibited Firearm Parts from China

16. On November 8, 2016 CBP Portland, Oregon, selected a package from the DHL facility for an exam. This shipment was sent from Hangzhou Yin Niao Co. Ltd., China. The invoice lists shipper as “HANGZHOU SILVER BIRD SPORT GOODS CO LTD.” The shipment was addressed to “Scott Smith,” at 2050 Beaver Creek Rd., Suite 101-239, Oregon City, OR 97045. The invoice declared the merchandise as 3 “Outdoor metal casing- 100% aluminum” with a total value of \$300.00. During the exam CBP Portland found the shipment to contain 30 AR-15 rifle forearm / handguards. A second package also containing the same firearm parts was discovered with the consignee listed as “Sylvia Dione” at 404 Beaver Creek Rd., Suite 238, Oregon City, OR 97045. The invoice of the second shipment also declared the merchandise as ‘Outdoor metal casing- 100% aluminum’; quantity: 3; unit price \$100.00 with a total value: \$300.00.

17. In the following days, CBP Portland seized additional shipments of firearm parts from China consigned to “Scott Smith,” “Sylvia Dione,” and LIU in Oregon City, OR:

- From November 8, 2016 through November 14, 2016, CBP Portland seized five shipments containing 480 AR-15 rifle forearms / handguards consigned to Sylvia Dione at 404 Beaver Creek Rd., Suite 238, Oregon City, OR 97045.
- From November 8, 2016 through November 14, 2016, CBP Portland seized three shipments containing 774 AR-15 rifle forearms / handguards consigned to Scott Smith at 2050 Beaver Creek Rd., Suite 101-239, Oregon City, OR 97045.

- On November 9, 2016, CBP Portland seized one shipment containing 25 AR-15 rifle receiver handles consigned to LIU at 404 Beavercreek Rd., Suite 239, Oregon City, OR 97045 and invoiced as “airsoft.”
- On December 13, 2016, CBP Portland seized one shipment containing 100 iron sights consigned to LIU at 404 Beavercreek Rd., Suite 239, Oregon City, OR 97045.

18. CBP Portland sent license determination requests to ATF and learned that shipments containing forearms / handguards, iron sights and receiver handles require an ATF Form 6, however, as the items were manufactured in China, they are prohibited.

19. I conducted commercial database and law enforcement database checks under the names “Scott Smith” and “Sylvia Dione” in Oregon City, Oregon, and found no further identifying information and no further information connecting “Scott Smith” and “Sylvia Dione” to LIU’s business addresses or the UPS Store on Beavercreek Road in Oregon City.

2016 CBP Anchorage seizure of Prohibited Firearm Parts from China

20. On December 31, 2016, CBP Anchorage selected a Federal Express shipment for exam at the federal Express facility that was sent from Shenzhen City Tong Hardware Co. Ltd to LIU at his address of 404 Beavercreek Rd, Suite 239, Oregon City, OR 97045. The shipment was manifested as “iron sights for airsoft” with a value of \$10,724.00. During the exam CBP Anchorage found 1,400 AR-15 rifle sights marked as made in China. CBP Anchorage contacted ATF for a license determination and learned from ATF that the rifle sights are weapon parts and defense articles being imported from China and are prohibited under Importation of Arms, Ammunition and Implements of War Regulations.

21. The shipment of 1,400 iron sights was subsequently seized and CBP Anchorage determined that the shipment was also undervalued, with domestic value of \$15,400.00.

Information received from DHL

22. On November 18, 2016, SA Scott Morris and I interviewed a DHL employee and obtained information regarding LIU and his international shipments. The employee stated, in 2010 LIU began receiving international packages to his residence on Frontier Parkway in Oregon City, Oregon, and in 2013 packages were delivered to his office at the Red Soils Business Park in Oregon City, Oregon. LIU started with one suite and now occupies three suites. The suites are all adjacent to one another. Approximately six months ago, international packages sent to one of LIU's business suites were addressed to "Sylvia Dionne." An employee of LIU's was questioned if "Sylvia Dionne" was a new employee; she shrugged her shoulders and did not verbally respond to the question.

23. Also, around this time period, international packages were sent to the UPS Store on Beavercreek Road located near LIU's business suites, addressed to a "Scott Smith." The packages were similar in weight, size and were sent from businesses in China. The employees were asked if the "Scott Smith" packages were intended for the Asian man with the business down the road, referring to LIU. The employees at the UPS Store advised that the "Scott Smith" packages were going to LIU. LIU or his employees sign for packages at his business suite. LIU received approximately 12-20 international packages two to three times a week. Sometimes the packages are address to "Tony ADE."

Information received from the UPS Store

24. On December 5, 2016, I interviewed a UPS Store employee at 2050 Beavercreek Road, Suite 101, Oregon City, OR and learned that LIU was then a subscriber to mailbox number 101-239. The UPS Store employee told me LIU received DHL shipments from China and domestic shipments that were returned products from his online business, which involved gun parts and

accessories. The UPS Store received its first shipment addressed to “Scott Smith” at LIU’s mail address approximately six to twelve months before the interview. The UPS Store contacted LIU by phone to confirm if the UPS Store should accept the packages addressed to “Scott Smith.” LIU confirmed that the UPS Store should accept the packages addressed to “Scott Smith” on his behalf.

25. The subsequent “Scott Smith” packages the UPS Store received for LIU were sent to a different mailbox address. LIU’s mailbox was not used anymore after the first one or two shipments. LIU would typically pick up the “Scott Smith” packages in the evening or LIU’s parents would pick up the packages for him. LIU would receive approximately 2 packages in the name of “Scott Smith” twice a month.

26. Around late November 2016, LIU entered the UPS Store and he was told that the UPS Store would no longer accept packages on his behalf in the name of “Scott Smith” because he had not updated his mailbox subscriber information. LIU advised that the “Scott Smith” packages were not his anyway.

27. On December 12, 2016, LIU entered the UPS Store and provided a note advising them to only accept packages on his behalf that are addressed to the following names: Haoqian Liu, Tony, Return, Ade Advanced Optics, and Optics Factory, and to refuse all other names.

Search Warrant Execution at LIU’s business on February 10, 2017

28. On February 9, 2017, United States Magistrate Judge Stacie F. Beckerman signed a search warrant authorizing the search and seizure of evidence at ADE ADVANCED OPTICS located at 404 Beavercreek Road, Oregon City, OR 97045, Suites 238, 239 and 240.

29. On February 10, 2017, HSI Portland, CBP Portland, Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Portland, ATF Firearms Technology Branch, Bureau of Industry

and Security, Export Enforcement Office (BIS-EEO) Portland and the Clackamas County Sheriff's Office executed the warrant. During the search, with the assistance of the ATF Firearms Technology Branch, firearm parts from China were identified and seized. The seized firearm parts from China include AR/M4 forearm assembly (rails), front and rear sights, AR/M4 buffer tubes, AR/M4 buttstocks, AR/M4 pistol grips, AR/M4 barrel nuts, AR/M4 forearm nuts, AR/M4 forearm end caps, AR/M4 buffer springs, AR/M4 forearm retainers, AR/M4 snap rings, AR/M4 weld springs, AR/M4 buffers, AR/M4 end plate sling adapters, AK47 receiver covers, and AR/M4 carry handles with sights, with an appraised domestic value of \$1,564,522.58.

30. On November 1, 2017, I seized a \$50,000.00 Bank of America cashier's check No. 0820907987, purchased by ADE Advanced Optics Incorporated, and made payable to U.S. Customs and Border Protection. The cashier's check was turned over to me by LIU's attorney as the proceeds of LIU's illegal business which was engaged in numerous customs violations as detailed above. As part of his parole violation agreement, LIU has indicated through his attorney that he will not contest the forfeiture of these funds, and also that he will not assist anyone else in filing a claim in this case. The cashier's check was turned over to U.S. Customs and Border Protection for processing.

CONCLUSION

31. For all the reasons set forth above, there is probable cause to believe, and I do believe, that the \$50,000 in United States currency, in the form of a Bank of America cashier's check No. 0820907987, represents proceeds derived from violations 18 U.S.C. § 542 (Entry of Goods by Means of False Statements) and is therefore forfeitable pursuant to 18 U.S.C. § 981(a)(1)(C).

32. I have presented this declaration to Assistant United States Attorney Katie de Villiers, and she has advised me that, in her opinion, there is probable cause to forfeit the \$50,000 in United States currency.

I declare under penalty of perjury that the foregoing is true and correct pursuant to 28 U.S.C. §1746.

Executed this 1st day of December 2017.

s/ Robert J. Priddy

ROBERT J. PRIDDY

Special Agent, Homeland Security Investigations
Department of Homeland Security